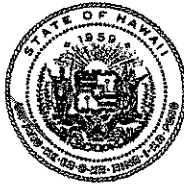


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GOVERNOR

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EXECUTIVE DIRECTOR

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DIVISION OF CONSUMER ADVOCACY
DEPARTMENT OF COMMERCE AND CONSUMER AFFAIRS
335 MERCHANT STREET, ROOM 326
P.O. Box 541
HONOLULU, HAWAII 96809
Phone Number: 586-2800
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June 5, 2008

The Honorable Chairman and Members of the
Hawaii Pubic Utilities Commission
Attention: Stacey Kawasaki Djou, Esq.
465 South King Street
Kekuanaoa Building, Room 103
Honolulu, HI 96813

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PUBLIC UTILITIES
COMMISSION

Dear Commissioners and Commission Staff:

Re: Letter dated May 30, 2008 from Molokai Public Utilities Inc., Waiola O
Molokai, and Mosco, Inc.

Yesterday, we received a copy of the letter filed by Molokai Public Utilities, Inc. ("MPUI"), Waiola O Molokai ("Waiola"), and Mosco Inc. ("Mosco") (MPUI, Waiola, and Mosco will be collectively referred to as the "Molokai Utilities") with the Public Utilities Commission ("Commission") on May 30, 2008 providing notice to the Commission that "unless some public or private entity is located to take over the operations of [the Molokai Utilities] by the end of August, there will probably be an unavoidable termination of services to those customers."¹

As the Commission is well aware, the Division of Consumer Advocacy, Department of Commerce and Consumer Affairs ("Consumer Advocate") has a statutory obligation to "represent, protect, and advance the interests of all consumers, including small businesses of utility services." Haw. Rev. Stat. § 269-51. Given the Consumer

¹ As an aside, the Consumer Advocate notes that the Commission's rules require that each party "shall file with the [C]ommission an original and eight copies of each application, complaint, or other pleading and any amendment to an application, complaint, or other pleading and **serve two copies on the consumer advocate**" Haw. Admin. R. § 6-61-18 (emphasis added). Even if the Molokai Utilities were to interpret the Commission's rule to mean that general correspondence filed with the Commission need not also be filed with the Consumer Advocate, past practice by nearly every public utility including the Molokai Utilities, and the desire to inform as many of the stakeholders as possible would lead the Molokai Utilities to conclude that the Consumer Advocate should also be copied on such correspondence. The Consumer Advocate respectfully requests that the Commission admonish the Molokai Utilities in the future to also inform the Consumer Advocate when providing important updates, like the cessation of services necessary for public health and safety of its customers.

The Honorable Chairman and Members of
the Hawaii Public Utilities Commission
Attention: Stacey Kawasaki Djou, Esq.
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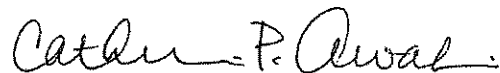
Advocate's role, we are deeply troubled by Molokai Utilities' suggestion that their obligation to serve their customers may be terminated, at their discretion, as a result of their declared lack of sufficient revenues to recover the operating costs for Wai'ola and MPUI. Because the Molokai Utilities were afforded the exclusive opportunity to provide water and wastewater services in their respective service areas pursuant to the certificates of public convenience and necessity ("CPCNs") granted by the Commission, the Molokai Utilities received a benefit from such exclusive rights and accepted the corresponding obligation to provide utility services to their customers. The public utility services provided by the Molokai Utilities are deemed essential to the health and safety of their customers. As a result, their obligation to provide such necessary services cannot be carelessly abandoned, as seems to be suggested by the letter obtained by the Consumer Advocate.

The Molokai Utilities cite hardship associated with their historical operating losses as justification for terminating services. If the Molokai Utilities desire to file applications for general rate increases with the Commission, the Consumer Advocate is more than willing to commit resources to expedite its review of such applications in a timely manner. If such filings are made, the Molokai Utilities should be required to comply with the Commission's rules governing notice requirements to customers, ensuring that customers are provided their fair opportunity to provide input to the Commission, the Molokai Utilities, and the Consumer Advocate.

The Consumer Advocate respectfully requests that the Commission not allow the Molokai Utilities to terminate the provision of the public utility services for which they are authorized to provide at the end of August, as they suggest. The Consumer Advocate urges the Commission to inform the Molokai Utilities that the Molokai Utilities cannot cease the provision of the public utility services they provide unless and until the Commission approves either a transfer or a surrender of the Molokai Utilities' CPCNs.

Please feel free to contact the undersigned with any questions or concerns that you may have. Thank you for your consideration of this request.

Sincerely,



Catherine P. Awakuni
Executive Director

CPA:tt

cc: Peter A. Nicholas
Honorable Linda Lingle, Governor, State of Hawaii
Honorable Charmaine Tavares, Mayor, County of Maui
Honorable Danny A. Mateo, Council Vice-Chair